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ESTIMATED U.S. PETROLEUM BALANCE
SUMMARY

TOTAL ENERGY

Estimated total energy consumption in 1985 changed little from 1984, following that year's trend-reversing 5 percent increase. Slower economic growth, at about a third of 1984's rate, and continued efficiency gains (Exhibit I) combined to hold 1985's energy use at roughly the prior year's level. While coal consumption rose an estimated 4 percent, natural gas use fell at about the same rate. Petroleum declined slightly. The continued growth of coal use over the last several years, combined with a decline for natural gas, has brought coal's 1985 market share, at 24 percent, to a level equal to that of natural gas. Coal has not matched gas in overall market share for nearly 30 years. Meanwhile, petroleum's share remained at about 42% and "other" energy sources (primarily hydro and nuclear) increased their share slightly.

TABLE 1

ENERGY CONSUMPTION BY TYPE
(Annual Quadrillion BTU)

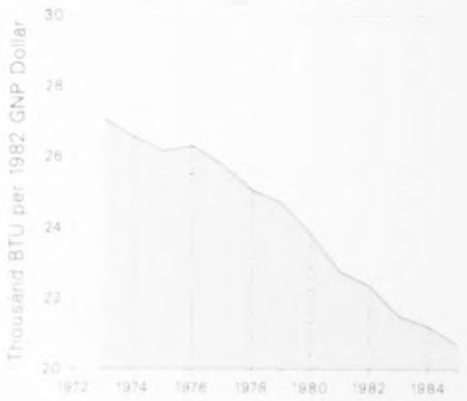
	Coal	Natural Gas	Oil	Other	Total
1984	17.1	18.5	31.0	7.5	74.1
1985	17.8	17.7	30.9	7.6	74.0
Change	0.7	-0.8	-0.1	0.1	-0.1
Percentage Change	4.0	-4.3	-0.5	1.5	-0.2
Percentage Share 1984	23.0	25.0	41.9	10.1	100.0
Percentage Share 1985	24.0	24.0	41.8	10.3	100.0
Percentage Point Change In Market Share	1.0	1.0	-0.1	0.2	
Year-to-year percentage change in BTU's by half-year					
First Half	3.6	5.5	-2.1	0.1	-1.5
Second Half	4.4	-2.9	1.3	3.0	1.2

Note: Figures rounded independently; calculations based on unrounded data. Because 1984 was a leap year, comparisons will differ from those computed on a daily basis.

The ratio of energy consumed per dollar of gross national product, based on the Commerce Department's recently-revised data, fell about 2½ percent in 1985 to about 20.7 thousand BTU per 1982 GNP dollar (Exhibit I). This decline is within the range of recent years' experience.

EXHIBIT I

ENERGY CONSUMED PER DOLLAR OF REAL GNP



Sources: Department of Energy, Department of Commerce, API estimates

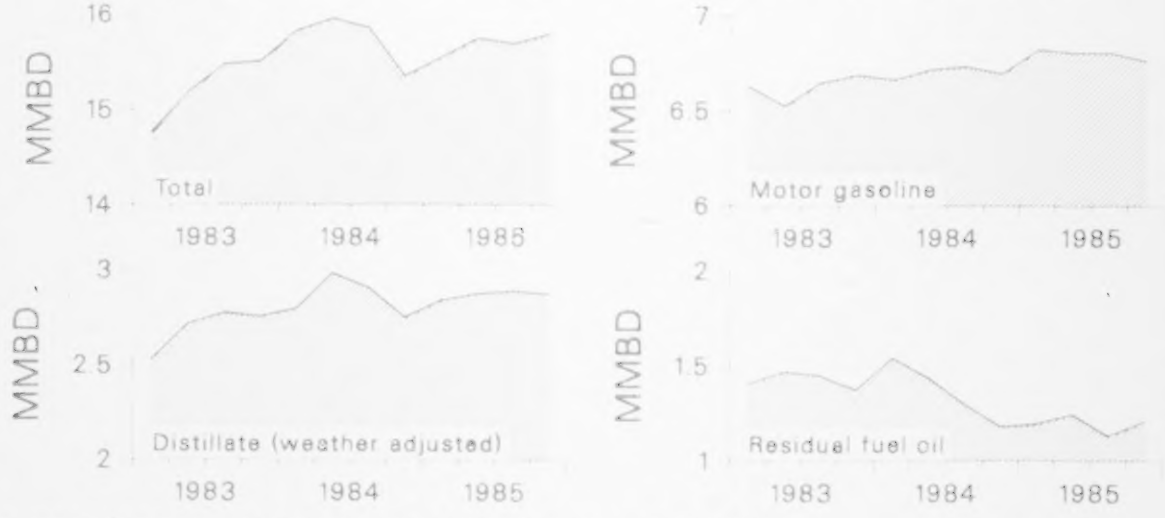
PETROLEUM PRODUCTS

ABOUT THE SAME DELIVERIES LEVEL IN 1985 AS IN 1984.

Delivery levels, down in the early part of the year, experienced gradual improvements as the year progressed, achieving an estimated 423 thousand B/D (2.7%) year-to-year increase in the fourth quarter. Total petroleum deliveries for 1985 were only minimally changed from prior-year levels (down 30 thousand B/D—0.2%). The total deliveries comparison, however, obscures the fact that, were it not for continued losses in residual fuel oil deliveries, domestic deliveries, paced by rising light products demand, would have been about 1% greater in 1985 than during the previous calendar year.

EXHIBIT II

SEASONALLY ADJUSTED PRODUCT SUPPLIED



Sources: Department of Energy, American Petroleum Institute

As Exhibit II shows, the magnitude and timing of year-to-year changes differed substantially between major products. Gasoline deliveries were ahead of last year for most of 1985. Distillate deliveries, with gains in rail and truck traffic early in the year eventually giving way to traffic decreases, experienced only a slight gain for the year as a whole, mainly as a result of a much colder December. Residual fuel oil deliveries, down year-to-year during the first three quarters of the year, though at progressively lessening rates, rose slightly during the last quarter. The increase was mainly the result of a sharp increase in December deliveries as prices weakened again and some users of natural gas switched to resid to avoid transportation problems. Kerosine jet fuel deliveries (not included in the Exhibit) also advanced consistently.

Crude production, largely because of higher output in Alaska, rose slightly in 1985 over prior-year levels. The 0.3 percentage

point increase, however, trailed 1984's more-than-two percentage point advance. As inventories stabilized at lower levels, stocks thus freed moved into the supply stream. As a consequence, with total petroleum demand about the same as last year, the need for imports was reduced, and the imports level fell roughly 7% for the year, despite a more-than-800 thousand B/D increase in December import levels.

PRODUCTS SUPPLIED[1]

Gasoline

1985 DELIVERIES ROSE 1.6% OVER LAST YEAR'S.

Deliveries of motor gasoline were 18 thousand B/D (0.3%) greater than last year in December and for the fourth quarter rose 73 thousand B/D (1.1%). Recent increases have been smaller than earlier in the year, as prices stayed relatively stable while real disposable income increased at a lower rate in the second half than in the first half of 1985. For the year as a whole, however, gasoline deliveries scored a 109 thousand B/D, 1.6% gain over 1984 levels. The increase is reduced to roughly the same 1% rate as last year, however, when the 40-50 thousand B/D volume added in 1985 as a result of greater blender volume reporting than in 1984 is deducted.

Gasoline prices ended the year minimally ahead of last December's in absolute terms, but some 3% below last year when adjusted for inflation. The lead phasedown, which reduced permissible lead content in leaded gasoline in stages in 1985, increased refiners' cost of maintaining octane levels. Nevertheless, the gap between prices of leaded and unleaded gasolines at the pump, at least until recently, experienced little change; some gradual narrowing did occur, however, at wholesale levels.

Exhibit III incorporates the trend of motor gasoline supplied, real disposable personal income, and real retail prices over the past decade. While the rapid, substantial price increases of the late seventies had a far greater effect on gasoline demand than all other factors, rising real disposable income did provide some offset. Prices have been on a downtrend since early 1981 and personal income has continued to rise, exerting upward pressure on gasoline demand. However, as downsizing of automobiles and other factors improved mileage performance, the car efficiency factor started to play a prominent counteracting role in determining gasoline demand. The overall effect of the interplay of these elements has been to hold increases in gasoline demand during the past few years to a minimum. From the 1981 average, for example, gasoline prices have fallen about 26%, on an inflation-adjusted basis, and real disposable personal income has risen almost 12%. The impact of these two factors together should have raised gasoline demand by 15-16%. The combination of scrappage of old cars and their replacement with newer, more fuel-efficient cars largely offset these demand-increasing factors, however, so that gasoline demand actually rose only 3% during the four-year period.

EXHIBIT III

SEASONALLY ADJUSTED MOTOR GASOLINE SUPPLIED
REAL GASOLINE PRICES, AND REAL DISPOSABLE PERSONAL INCOME

Sources: Department of Energy, American Petroleum Institute, Bureau of Labor Statistics, Department of Commerce

EXHIBIT IV

THE CONTRIBUTIONS OF NEW CAR SALES AND SCRAPPAGE TO YEAR-TO-YEAR FLEET EFFICIENCY IMPROVEMENTS

Source: API estimates

Exhibit IV separates the differing effects of scrappage and new car sales on fleet efficiency improvements. The impact of the latter has been by far the larger of the two factors over the past decade and, for 1985, accounted, we estimate, for about two-thirds of the total efficiency improvement.

Unleaded gasoline continued to increase market penetration during 1985, and, by December, had attained a more-than-68% share of the motor gasoline market, almost five percentage points greater than last December's.

Distillates

UP ABOUT 1% YEAR-TO-YEAR.

Distillate deliveries rose 333 thousand B/D (11.6%) in December; about three-quarters of the increase is estimated to be the result of weather some 35% colder than last year, the remainder likely increased filling of non-primary storage. The substantial December increase helped to

convert the previously-existing rough tie in 11-month delivery levels into a slight full-year increase (26 thousand B/D—0.9%), attributable in part to the weather factor. For the year as a whole, weather was an estimated 2% colder in 1985 than in 1984, adding perhaps 10-20 thousand B/D to distillate demand. Rail and truck traffic levels, where increases prevailed during the first part of 1985, gradually moderated later in the year, eventually giving way to lower year-to-year levels. As the sectoral results in Table 2 below indicate, for 1985 as a whole we estimate truck and rail traffic to have been only slightly changed from prior-year levels, and the combined impact on distillate deliveries to have been minimal. Other sectors of the distillate market also underwent only minor changes.

TABLE 2
ESTIMATED DISTILLATE DELIVERIES BY SECTOR (MBD)

Sector	1984	1985	% Change
Residential and Commercial	769	783	1.8
Industrial	153	155	1.3
Farm	193	197	2.1
Oil Companies	59	57	-3.4
Utilities	45	42	-6.7
Railroad	225	218	-3.1
Bunkers	110	107	-2.7
On-Highway	1,093	1,111	1.6
Military	45	47	4.4
Off-Highway	109	113	3.7
Miscellaneous	44	42	-4.5
Totals	2,845	2,871	0.9

Sources: DOE - 1984 and totals only 10 mos. 1985
API - Nov./Dec. data and 1985 Sectoral Breakdown

Residual Fuel Oil

DOWN ALMOST 13% IN 1985 VERSUS 1984.

Despite a 157 thousand B/D (13.2%) year-to-year deliveries increase in December, total 1985 deliveries fell 173 thousand B/D, almost 13%, compared with the prior year's level, continuing an unbroken string of declines since their 1977 high. However, in 1985, year-to-year percentage decreases grew progressively smaller during the first three quarters of the year and posted a better-than-2% advance in the fourth quarter.

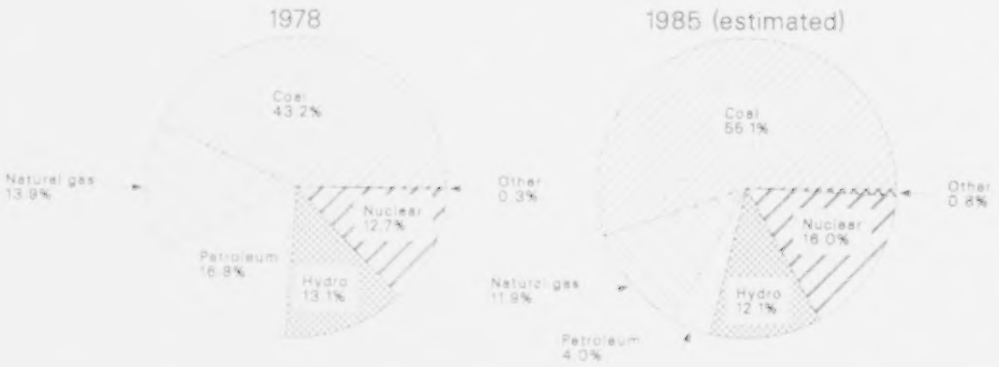
Relatively tight resid supply on world markets, as a result of the U.K. coal strike, kept prices at relatively high levels until March, but prices on direction-setting spot markets then started to slide, reaching a level some 25% below early-1985 prices by midyear. While recovering part of their loss in late summer, they have recently again been close to midyear lows. Natural gas prices have been on a downtrend all year, and, while the decline was more gradual, spot price levels towards year-end were some 25% below those prevailing early in the year.

While spot volume is not believed to be large, it is often the level and direction of spot prices that tend to influence dual-capacity users' short-term fuel choices. During the last two months, however, short-term deliverability also played a part. Some users had to resort to the purchase of residual fuel oil because of uncertainty as to the availability of natural gas transportation related to new natural gas regulations which became effective November 1st. These problems appear to have particularly affected the industrial sector, where dual-fuel capability is widespread. As a result, we expect that sector to have been largely responsible for the improving performance of resid delivery levels in the fourth quarter, with recent-month improvements in deliveries helping to reduce the sector's total year-to-year loss to about 45 thousand B/D.

In the electric utility sector, year-to-year losses early in 1985 later lessened, as resid prices fell, and a year-to-year increase was achieved in October, the latest month for which data are available. We estimate, however, that, for the year as a whole, the electric utilities' resid purchases, despite a roughly 2% increase in total electricity generation, still were some 120 thousand B/D below year-earlier levels, a decrease representing some two-thirds of the total decline in resid deliveries.

EXHIBIT V

SHARES OF ENERGY INPUTS TO ELECTRIC UTILITIES 1978 AND 1985



Sources: Department of Energy, API estimates

Longer term, it is the continued rise in coal and nuclear fuel use at electric utilities that is having a major influence on resid use. The change in shares of energy input sources between 1978 and 1985 is shown in Exhibit V. During the period, total input for electricity generation grew by an estimated 12%. Coal and nuclear fuel's shares of the market rose by 12 and 3 percentage points to 55% and 16%, respectively, while petroleum (mainly residual fuel oil) and natural gas input fell almost 13 and 2 percentage points to 4% and 12%, respectively.

Only a minor change is believed to have occurred in 1985 bunker fuel deliveries; an estimated 10 thousand B/D average decrease in deliveries was caused mainly by lower purchases in late-summer months, at a time when total U.S. exports experienced sizable year-to-year decreases.

Kerosine Jet Fuel

UP MORE THAN 3% IN 1985 OVER 1984 DELIVERY LEVELS.

Deliveries of kerosine jet fuel advanced in December, continuing a trend that has prevailed for most of the year. During each month in the fourth quarter, deliveries exceeded one million barrels per day, reaching a high of almost 1.2 million barrels per day in December, up 12% over year-earlier levels.

For the year as a whole, however, kerosine jet fuel deliveries advanced only 32 thousand B/D (3.4%). Year-to-year increases in "miles flown" levels, in the 4-5% range early in the year, receded toward midyear but have, of late, again been rising at a substantial rate. We estimate that air travel rose more than 4% for 1985 as a whole, a rate of increase about one percentage point greater than the increase in fuel deliveries. A similar percentage point difference between kerosine jet fuel usage and "miles flown" levels has, on average, persisted for the better part of the last two years, as the trendlines of deseasonalized jet fuel deliveries and "miles flown" in Exhibit VI indicate.

EXHIBIT VI

SEASONALLY ADJUSTED KEROSINE JET FUEL SUPPLIED AND REVENUE MILES FLOWN

Sources: Department of Energy, American Petroleum Institute, Civil Aeronautics Board, API estimates

Other Oils

UP MORE THAN 1% FOR 1985 AS A WHOLE

December deliveries are estimated to have been about 280 thousand B/D (7.9%) greater than last year. An increase of about 5% occurred in the last quarter of the year, but for the year as a whole, deliveries were only about 43 thousand B/D (1.1%) greater than in 1984.

A portion of the year-to-year increase is likely attributable to accelerating activity in the chemical industry. The industry's sales, reportedly not strong early in the year, are believed to have been on the increase in later months.

Petrochemical feedstock deliveries, which had risen strongly late in the third quarter, continued to rise in October, and, with indications of continuing strength in overall economic activity, are believed to have continued at higher levels in November and December. As a result, delivery levels, down about 17 thousand B/D for the first ten months of 1985 versus the corresponding 1984 period, are estimated to have incurred a somewhat reduced decrease for the year as a whole, perhaps on the order of 10-15 thousand B/D. In the liquefied petroleum gases category, butane deliveries rose during the first 10 months of 1985, mainly because of increased refining use; propane deliveries also increased. Both products are estimated to have also experienced strong increased year-to-year demand in the last two months of the year. Ethane demand for 1985, despite a demand surge in late months, is estimated to haved declined about 10 thousand B/D. For the year overall, total liquefied petroleum product deliveries, up about 20 thousand B/D for the first 10 months mainly as a result of increasing delivery levels since midyear, are estimated to have experienced a roughly-30 thousand B/D increase.

Asphalt and road oil deliveries rose about 15 thousand B/D for the first 10 months of the year, or roughly 3%, compared with the same period last year. Based on the trend of 1985 delivery levels to date, however, we estimate deliveries for the year as a whole to have risen about 20 thousand B/D, or roughly 5%. Overall, it appears that the allocation of sizable funds for highway maintenance and construction, both early in the year and in late 1985, has not yet been translated into any major increase in road oil and asphalt sales.

(In millions of B/D)	DECEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1985	1984	% Change	1985	1984	% Change
—Total domestic products supplied	16.1	15.4	4.7	15.7	15.7	(0.2)
—Motor gasoline supplied	6.6	6.6	0.3	6.8	6.7	1.6
—Distillate fuel oil supplied	3.2	2.9	11.6	2.9	2.8	0.9
—Residual fuel oil supplied	1.3	1.2	13.2	1.2	1.4	(12.6)

SUPPLY[1]

Total supply in December was 1,006 thousand B/D above year-earlier levels as a result of an 819 B/D increase in imports and a gain of 187 thousand B/D in total domestic supply.

Production

CONTINUED TO INCREASE SLIGHTLY IN 1985.

Crude production was an estimated 62 thousand B/D (0.7%) greater than last year in December, but only about 26 thousand B/D (0.3%) for the year as a whole. This is less than the roughly 2% total U.S. increase achieved during the prior year, but about the same as the 1983 year-to-year increase. Kuparuk output rose about 70% above the prior-year level in 1985, and output late in the year started at Milne Point. But the total increase in Alaskan production was barely sufficient to offset lessened output in the lower 48, where production, to some degree because of late-1985 storms, fell about 1% below 1984 levels.

Exhibit VII shows changes in Alaskan and lower 48 crude production since 1978. With partial decontrol of prices in mid-1979 and total decontrol in January 1981, production started to stabilize. Helped by new production at Kuparuk, and most recently at Milne Point, Alaskan output has grown by some 600 thousand B/D since 1978; lower 48 production started to rise year-to-year by mid-1983, though it has again shown declines in 1985. Despite the decline in lower 48 output, the production decrease in 1985 versus 1984 was only a fraction of the roughly-300 thousand B/D decline that, on average, was experienced in the seventies, prior to the start of decontrol. Overall, however, current lower 48 production is estimated to be almost 2 million barrels per day above levels that likely would have prevailed, had the pre-decontrol slide continued unabated.

EXHIBIT VII

YEAR-TO-YEAR CHANGES IN DOMESTIC CRUDE OIL PRODUCTION

Source: Department of Energy and American Petroleum Institute

As crude oil prices have been on a gradual downtrend over the past three years, drilling activity has declined. As a result of the reduced activity level, drilling costs have also been on a downtrend. Indications are that drilling costs continued to fall in 1985, as they did in 1984 and 1983. According to the recently released Joint Association Survey (JAS) for 1984, onshore cost per foot fell from $95.60 in 1982 to $60.01 in 1984, a drop of 37 percent. The bulk of this decline was due to reductions in the costs of inputs such as the services of drilling contractors and steel casing and tubing. However, roughly a quarter of the decline in cost per foot can be attributed to shallower drilling, especially for gas. Offshore, cost per foot fell 17 percent over the same period; average depth in this category changed little over the period. After adjustment for depth, the combined decline in costs was roughly 25%, in the range of estimates made by other industry sources, including the Independent Petroleum Association of America. The continued decline in drilling costs in 1984 allowed the industry to drill about 16 percent greater footage for the same total expenditure as the year before—about $25 billion.

Imports

UP 17% IN DECEMBER BUT DOWN MORE THAN 7% FOR THE YEAR AS A WHOLE.

Imports in December were 819 thousand B/D (17.4%) ahead of last year, reducing the total 1985 imports decline to an estimated 383 thousand B/D (7.3%). Because of a drawdown in inventories and significant decreases in residual fuel oil consumption and imports, total petroleum imports declined more than 20% during the first quarter compared with the corresponding 1984 period.

Exhibit VIII traces the path of crude and major product imports in 1984 and 1985. It shows that imports of crude oil, especially weak in the first quarter, picked up subsequently. For the year as a whole, imports of residual fuel oil declined about 187 thousand B/D, roughly 90% of the total drop in product imports. Gasoline imports (including gasoline components) rose more than 50 thousand B/D, or about 14%; distillate imports, on the other hand, declined close to 70 thousand B/D, in part because of strong price postings in European markets that resulted from a combination of unseasonably cool weather and reportedly-lower oil imports from East Bloc countries.

EXHIBIT VIII

IMPORTS OF CRUDE AND MAJOR PRODUCTS BY MONTH

Note: Motor gasoline includes blending components.
Sources: Department of Energy, American Petroleum Institute

TABLE 3
OPEC AND NON-OPEC PETROLEUM IMPORTS TO U.S.
(In Thousands of Barrels per Day)

	Jan.-Oct. 1979	Jan.-Oct. 1984	Jan.-Oct. 1985
Saudi Arabia	1,372	349	93
Nigeria	1,063	226	272
Venezuela	674	555	590
Algeria	626	338	186
Indonesia	410	338	301
Other OPEC	1,442	281	256
Total OPEC	5,587	2,087	1,698
Canada	522	624	756
Mexico	424	745	824
Virgin Islands	423	301	233
Netherland Antilles	230	192	36
United Kingdom	196	395	310
Other Non-OPEC	923	1,130	1,007
Total Non-OPEC	2,718	3,387	3,166
Total U.S. Imports	8,305	5,474	4,864
OPEC as % of total U.S. Imports	67.3%	38.1%	34.9%

Imports from OPEC countries declined to an estimated 35% of total for 10 months of 1985, compared with 38% in last year's corresponding period. As Table 3 shows, the major shift in OPEC-source imports resulted from a decline in Saudi Arabian imports, which dropped from about 350 thousand B/D in 1984 to less than 100 thousand B/D in 1985 (10 months' data). Longer-term, there is an even more pronounced change in import sources. For the comparable 1979 period, for example, shipments from OPEC countries had amounted to roughly 67% of total imports, with Saudi Arabia alone, at close-to-1.4 million barrels per day, filling about 17% of total U.S. imports. Mexico, currently the number one source of imports into the U.S., in 1979 only shipped oil at about half 1985's rate of more than 800 thousand B/D.

Overall, the recent decline in the value of petroleum imports contributed to a drop in petroleum's share of the trade deficit from about 73% in 1983 to an estimated 33% in 1985. As Table 4 reveals, however, the major reason for the decline in petroleum's share is the result of a doubling of the total merchandise trade deficit.

TABLE 4
TRADE DEFICIT - PETROLEUM AND TOTAL MERCHANDISE
(In Millions of Dollars)

	Petroleum	Total Merchandise	Petroleum as a % of Total
1983	50,711	69,392	73.1
1984	54,739	123,312	44.4
1985 (est.)	47,452	144,349	32.9
% Change 1985-1983	-6.4%	+108.0%	

Note: Deficits based on CIF Imports and Customs Value Exports.

Inventories

DOWN 8% AT YEAR END VERSUS DECEMBER 1984.

Exhibit IX delineates the course of inventory levels since 1980. While inventories were built up following the early-1979 supply disruption, stocks subsequently dropped steadily from the highs reached at the beginning of the eighties. Inventories started to stabilize in early 1985 on a deseasonalized basis and have undergone relatively little change during the last few months. Crude oil inventories, in the 340-360 million barrel range for about three years, dropped to 310 million barrels in mid-November but have since gained some 12 million barrels. Gasoline inventory levels, while some 17 million barrels below last year at the end of December, still represented a roughly-normal 34 days of supply. Inventories of natural gas liquids and liquefied refinery gases continue to be at considerably lower levels than last year.

EXHIBIT IX

DESEASONALIZED TOTAL PETROLEUM INVENTORIES

Source: Deseasonalized inventories based on Dept. of Energy and American Petroleum Inst. data

Distillate stocks have risen about 27 million barrels during the past three months. Production averaged about 3.1 million barrels during the November/December period, about 300 thousand B/D greater than last year. Overall, production has been the major source of distillate supply in recent years. During the 1978/79 heating season (October 1978 through March 1979), for example, production supplied about 80% of distillate demand, while stock drawdowns and net imports contributed 15% and 5%, respectively. This compares with 86% of demand being satisfied by production and 8% and 6% for stock drawdowns and net imports, respectively, in the October 1984 through March 1985 period. Thus, the role of inventories in the distillate supply picture has been greatly diminished in recent years, as plant modernizations and higher refining complexity increased flexibility in refinery yield patterns; ready availability of crude oil adds to that flexibility. The recent increases in distillate production, moreover, have been on a sustained basis, resulting from production levels reaching about 3.1 million B/D in both November and December. Distillate yields rose about 1.3 percentage points over last year during the fourth quarter, adding about 170 thousand B/D to distillate output.

Operations

UTILIZATION UP MORE THAN 1 PERCENTAGE POINT.

As Exhibit X shows, refinery utilization rates have been on an upward trend for the past two years, reaching almost 82% in December 1985. The 1.4 percentage point increase in total 1985 utilization, compared with 1984 levels, is almost entirely the result of a roughly-360 thousand B/D reduction in operable capacity; input to distillation units experienced only a minimal change.

Idle but operable capacity still represents some 1.2 million B/D of total operable capacity. Thus, utilization of capacity in actual operation exceeded 88% in December and reached an estimated 84% for the year as a whole.

EXHIBIT X

UTILIZATION OF OPERABLE REFINING CAPACITY

Sources: Department of Energy, American Petroleum Institute

(In millions of B/D)	DECEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1985	1984	% Change	1985	1984	% Change
—Total supply	17.1	16.1	6.2	16.2	16.5	(2.0)
—Crude production[2]	9.0	8.9	0.7	8.9	8.9	0.3
—Crude oil imports[3,4]	3.6	2.9	23.6	3.1	3.2	(5.4)
—Product imports	1.9	1.8	7.4	1.8	2.0	(10.3)

1. Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

2. Includes lease condensate.

3. Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4. API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 493 million barrels as of December 31, 1985.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	DECEMBER			YEAR-TO-DATE		
	1985[1]	1984[2]	% Change	1985[3R]	1984[2]	% Change
Products Supplied						
Total motor gasoline	6,573	6,555	0.3	6,802	6,693	1.6
Finished leaded motor gasoline*	2,090	2,387	(12.4)	2,409	2,705	(10.9)
Finished unleaded motor gasoline*	4,483	4,168	7.6	4,393	3,988	10.2
Naphtha-jet	189	191	(1.0)	213	223	(4.5)
Kerosine-jet	1,179	1,051	12.2	985	953	3.4
Distillate fuel oil	3,198	2,865	11.6	2,871	2,845	0.9
Residual fuel oil	1,346	1,189	13.2	1,196	1,369	(12.6)
All other oils[4]	3,844	3,564	7.9	3,873	3,830	1.1
Reclassified[5]	- 229	- 39	487.2	- 243	- 186	30.6
Total domestic products supplied	16,100	15,376	4.7	15,697	15,727	(0.2)
Exports	748	986	(24.1)	742	722	2.8
Total products supplied	16,848	16,362	3.0	16,439	16,449	(0.1)
Supply						
Domestic production						
Crude oil[6]	8,959	8,897	0.7	8,905	8,879	0.3
Natural gas liquids	1,600	1,649	(3.0)	1,608	1,630	(1.3)
Other supply[7]	1,042	868	20.0	830	785	5.7
Total domestic supply	11,601	11,414	1.6	11,343	11,294	0.4
Imports						
Crude oil, total	3,593[10/]	2,907[10/]	23.6	3,054[10/]	3,229[10/]	(5.4)
Canadian	558	398	40.2	476	341	39.6
Other	3,035	2,509	21.0	2,578	2,888	(10.7)
Products, total	1,929	1,796	7.4	1,803	2,011	(10.3)
Residual fuel oil	548	627	(14.2)	494	681	(27.5)
Other	1,381	1,169	19.0	1,309	1,330	(1.6)
Total imports	5,522	4,703	17.4	4,857	5,240	(7.3)
Total supply	17,123	16,117	6.2	16,200	16,534	(2.0)
Stock change, all oils	+ 275	- 245	XXXX	- 239	+ 85	XXXX
Refinery Operations						
Input to crude oil distillation units	12,740	11,968	6.5	12,172	12,216	(0.4)
Operable capacity	15,638	15,745	(0.7)	15,677	16,033	(2.2)
Refinery utilization (%)[8]	81.5	76.0	7.2	77.6	76.2	1.8
Crude oil runs	12,538	11,755	6.8	12,018	12,044	(0.2)

Stocks (millions bbls.)	1985		1984[2]	% Change from	
	Dec. 31[9]	Nov. 30[9]	Dec. 31	Previous Month	Year Ago
Crude oil[10/]	321.9	316.0	345.4	1.6	(6.8)
Unfinished oils	102.8	100.6	93.5	(1.6)	15.3
Total motor gasoline**	226.7	215.2	243.3	5.3	(6.8)
Finished leaded motor gasoline*	80.4	84.1	92.4	10.0	(12.9)
Finished unleaded motor gasoline*	110.6	107.4	112.9	3.0	(2.0)
Naphtha-jet	6.4	6.1	6.9	1.6	(7.2)
Kerosine-jet	34.4	38.4	37.1	(9.7)	(2.0)
Distillate fuel oil	143.1	137.2	161.1	4.2	(10.9)
Residual fuel oil	48.2	47.4	53.0	1.7	(9.1)
All other oils	129.7	148.9[R]	107.4	(6.6)	(22.5)
Total all oils	1,018.6	1,016.1[R]	1,105.7	0.8	(7.9)

1. Based on API estimated data converted to a monthly basis.
2. Source: U.S. Department of Energy.
3. Source: January-October, U.S. Department of Energy; November-December, API.
4. Includes crude losses.
5. Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of products reclassified during the production phase. So that there will be no double counting of those volumes, they are subtracted from total domestic products supplied.
6. Includes lease condensate.
7. Includes Unaccounted for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8. Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9. Derived by interpolating API weekly stocks data.
10. Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.

R Revised.

* Included in motor gasoline.

** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied / Supply From Primary Storage	4th QUARTER		
	1985[1]	1984[2]	% Change
Products Supplied:			
Total motor gasoline	6,767	6,694	1.1
Finished leaded motor gasoline*	2,264	2,526	(10.4)
Finished unleaded motor gasoline*	4,503	4,168	8.0
Naphtha-jet	207	215	(3.7)
Kerosine-jet	1,082	993	9.0
Distillate fuel oil	3,004	2,819	6.6
Residual fuel oil	1,228	1,201	2.2
All other oils[3]	3,943	3,748	5.2
Reclassified[4]	- 269	- 131	105.3
Total domestic products supplied	15,962	15,539	2.7
Exports	727	813	(10.6)
Total products supplied	16,689	16,352	2.1
Supply:			
Domestic production:			
Crude oil[5]	8,935	8,927	0.1
Natural gas liquids	1,601	1,658	(3.4)
Other supply[6]	874	808	8.2
Total domestic supply	11,410	11,393	0.1
Imports:			
Crude oil, total	3,463[9/]	1,278[9/]	5.6
Canadian	522	384	35.9
Other	2,941	2,894	1.6
Products, total	1,891	1,942	(2.6)
Residual fuel oil	507	557	(9.0)
Other	1,384	1,385	(0.1)
Total imports	5,354	5,220	2.6
Total supply	16,764	16,613	0.9
Stock change, all oils	+ 75	+ 261	XXXX
Refinery Operations			
Input to crude oil distillation units	12,542	12,124	3.4
Operable capacity	15,693	15,875	(1.1)
Refinery utilization (%)[7]	79.9	76.4	4.6
Crude oil runs	12,372	11,945	3.6

Stocks (millions bbls.)	4th QUARTER		
	1985[8]	1984[2]	% Change
Crude oil[9/]	321.9	345.4	(6.8)
Unfinished oils	107.8	93.5	15.3
Total motor gasoline**	226.7	243.3	(6.8)
Finished leaded motor gasoline*	80.4	92.3	(12.9)
Finished unleaded motor gasoline*	110.6	112.9	(2.0)
Naphtha-jet	6.4	6.9	(7.2)
Kerosine-jet	34.4	35.1	(2.0)
Distillate fuel oil	143.5	161.1	(10.9)
Residual fuel oil	48.2	53.0	(9.1)
All other oils	129.7	167.4	(22.5)
Total all oils	1,018.6	1,105.7	(7.9)

1. Source: U.S. Department of Energy, October, November-December, API.
2. Source: U.S. Department of Energy.
3. Includes crude losses.
4. Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
5. Includes lease condensate.
6. Includes Unaccounted for crude oil, Refinery input of other hydrocarbons, and Processing gain.
7. Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
8. Derived by interpolating API weekly stocks data.
9. Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.

* Included in motor gasoline.

** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.